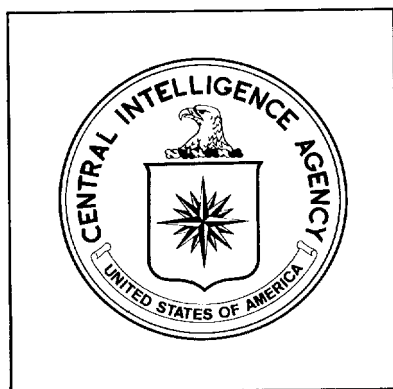


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SOVIET UNION - EASTERN EUROPE

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Soviets May Still Be Shipping Arms to Iraq

Three suspected Soviet arms carriers which are probably destined for Iraq left the Black Sea on July 2 and 3. Three other suspected arms carriers which left the Black Sea in late June and early July may also be heading for Iraq. It is not possible to determine the precise nature of the cargos, but no major items of military equipment were seen on deck.

[REDACTED] indicates that the Soviet ambassador had told the Iraqis that as of June 23 Moscow was suspending "all action" on outstanding military arms agreements. It is possible, of course, that the Iraqis moved quickly to placate the Soviets. On June 26, the Iraqi foreign minister bluntly told the Iranians that Baghdad had no intention of discussing "any type of pact or military cooperation in the Persian Gulf." [REDACTED] had suggested that the prospect of such an agreement was one reason for the halt in arms aid.

In any event, it seems that a Soviet threat to tamper with Iraq's military supplies--if indeed there was one--has failed to lead to an abrupt curtailment of all arms shipments. It remains possible, however, that the Soviets are refusing to honor Iraqi orders for arms that have not yet entered the delivery system. (SECRET NO FOREIGN DISSEM/NO DISSEM ABROAD/BACKGROUND USE ONLY/CONTROLLED DISSEM)

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Romanian-Soviet Troubles at the UN

In another show of determination not to let the Kremlin speak for it in international forums, Romania has entered a strong protest to UN General Assembly President Bouteflika over its omission from the five countries nominated to represent East Europe on the UN charter review committee. Sofia--at Moscow's behest--proposed that the Soviet Union, Poland, East Germany, Czechoslovakia, and Yugoslavia compose the East European list. Romania's omission was conspicuous because Bucharest announced its candidacy last December.

Romania's permanent UN representative has also taken the matter to Secretary General Waldheim. Foreign Minister Macovescu called in the Soviet and East European ambassadors in Bucharest on June 23 and told them that his country took issue with the way the committee members were selected. He instructed the ambassadors to tell their governments and party Central Committees that Romania "will never accept this type of arbitrary policy and dictatorial action..."

Bouteflika has reportedly asked the East European caucus to reconsider its selection, and Waldheim is known to be seeking a quick solution to the problem. If the final decision falls to Bouteflika, Romania's efforts to woo the nonaligned countries, which advocate charter reform, could tilt the scales in Bucharest's favor. (SECRET NO FOREIGN DISSEM/NO DISSEM ABROAD/BACKGROUND USE ONLY/CONTROLLED DISSEM)

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Hungary Still Seeking
Reparations from the FRG

Budapest is persisting in its efforts to get World War II reparations from West Germany.

During his visit to Bonn early last month, Hungarian Foreign Minister Puja sought a response to an earlier Hungarian note requesting over \$400 million in reparations for rolling stock and art works allegedly taken to Nazi Germany during the war. Puja startled German officials by raising the issue directly with Chancellor Schmidt.

Bonn has agreed to assist Budapest in locating any art works, but has refused to consider any form of reparations. Schmidt said flatly that a "shadow would be cast over bilateral relations if Budapest insisted on pursuing the matter." Bonn is prepared, however, to send a team to Budapest to discuss evidence for the claims.

West German diplomats in Budapest believe the Hungarian claim is so weak that Budapest will now let the matter drop. The US embassy, however, thinks that the financially hard-pressed Hungarians might decide to keep the issue alive. (CONFIDENTIAL)

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Czechoslovakia Tightens Internal Security
and Creates Problems for Embassy

The efforts of security forces in Prague to tighten internal security recently spilled over into the field of foreign relations and hampered the operation of the US embassy. Foreign Ministry officials were quick to deny that the police actions reflected a change in policy toward Washington.

There has been a general tightening of internal security in Prague since party chief Husak's strong anti-Dubcek and anti-dissident speech in mid-April. Apparently as part of this drive, security forces have more closely monitored persons leaving the embassy and chancery. In at least three instances, material--including a film from the USIS library--was confiscated. In another case, an American exchange scholar was checked by police. Czechoslovak authorities have also insisted that the embassy discharge several valued local employees and are obstructing attempts to hire new ones.

The US ambassador on July 4 discussed the regime's actions with Deputy Foreign Minister Ruzek, noting that they run contrary to the goals of the European security talks and are reminiscent of the repression of the 1950s. Ruzek professed that these incidents definitely did not signal any change in Czechoslovak policy. Since the embassy protests, the security forces have been less aggressive.

Ruzek could have easily been caught off guard by the ambassador's presentation. Security forces may have assumed that the tougher security guidelines were all the authority needed and acted without consulting the Foreign Ministry. (CONFIDENTIAL NO FOREIGN DISSEM/BACKGROUND USE ONLY)

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